



When Insurance Companies Win, the American People Lose

Insurance companies are fighting to kill health care reform to protect their profits, their abusive practices, and their market monopolies.

- Today, insurance companies are spending millions, issuing misleading reports, and driving an “11th-hour campaign” to kill health care reform.
- Insurance companies spent \$2.6 million lobbying the government in the last three months alone—nearly \$4,500 per member of Congress.
- With insurance companies raising premiums faster than wages and inflation, one insurance company CEO—Angela Braly of WellPoint—admitted that insurance companies are putting profits ahead of people, saying, “we will not sacrifice profitability for membership.”
 - Braly did not mention that she made \$8.7 million in 2008, or that her company, WellPoint, recently laid off 1,500 workers and plans to lay off more despite reporting \$2.5 billion in profits in 2008.
- In 2008, the insurance industry overall made \$25 billion in profits, and health insurance CEOs were paid \$690 million.
- Just like the 1990s, insurers are trying to kill reform by deploying swarms of lobbyists and misleading the public with bogus reports in order to protect their profits, their abusive practices, and their market monopolies.

Insurance companies are afraid of competition, and they want to protect their monopolistic strangleholds in most state markets.

- According to the Associated Press, “Several studies show that in lots of places, one or two companies dominate the market,” and that opposition to insurers’ monopolistic practices ranges across the political spectrum. “Even lawmakers opposed to a government plan have problems with the growing clout of the big private companies,” says AP.

- According to the American Medical Association, 94 percent of the commercial health insurance market is “highly concentrated.”
- In 21 states, one carrier alone dominates more than half of the market. And in 39 states, two carriers together control more than half the market.

Insurance companies want to continue their abusive practices, such as finding any reason to cancel your coverage when you get sick.

- Today, insurance companies systematically look for any reason to cancel people’s coverage once they file a claim—within the industry, this practice is known as “rescission.”
- Rescission is widespread within the insurance industry. A House subcommittee investigation found that the three top insurers dropped at least 20,000 people to save themselves \$300 million. And one company, WellPoint, has a list of 1,400 different conditions that could trigger an investigation.
- Many hard-working, premium-paying Americans are suffering under insurance companies’ abusive practices:
 - Teresa Dietrich of California lost her home and saw her credit destroyed when her insurance company cancelled her coverage because “they said I had a condition I didn’t even have,” according to Dietrich.
 - Sally Marrari of California was saddled with \$25,000 in medical debt when her insurance company cancelled her coverage because she failed to disclose a condition she did not even know she had.
 - Sharon Lantz of Delaware was forced by UnitedHealthcare to pay for her breast cancer care out of pocket, and to get chemotherapy medication from India in order to afford it. Sharon cannot afford breast reconstruction.
- Abusive practices like these are part of insurance companies’ relentless drive to increase their profits at all costs—one former insurance industry executive admitted that insurance companies try to pay as few bills as possible in order to drive up their stock values.

Insurance companies’ abusive practices are especially harmful to women.

- Today, women pay up to 48 percent more in premiums than men for the same coverage on the individual market, and insurance companies are completely free to continue this practice in all but 12 states. Within the industry, this practice is known as “gender rating.”
- Many insurance companies don’t provide comprehensive maternity coverage. When defending the practice, one insurance official called pregnancy a “matter of choice.”

- A recent study found that just 12 percent of individual market plans include comprehensive maternity coverage.
- Sen. Jon Kyl (R-AZ) recently tried to defend this practice, saying “I don’t need maternity care.” (Sen. Debbie Stabenow (D-MI) replied, “I think your mom probably did.”)
- Many insurance companies classify C-sections as a “pre-existing condition.” One subsidiary of United Health (one of the biggest insurance companies in the nation) “simply rejects” women who have had C-sections.
 - Peggy Robertson of Colorado was compelled to get sterilized by her insurance company because they would not offer her coverage unless she did, due to the fact that she had given birth via Cesarean.
- Insurance companies will even find reasons to deny care to rape victims.
 - Christina Turner of Florida could not get coverage because after she was raped, her doctor prescribed medication to combat possible HIV infection as a precaution. She did not develop HIV, but when she applied for coverage, insurance companies told her this treatment “raised too many health questions” and told her they “might reconsider in three or more years.”
- In eight states and the District of Columbia, it is perfectly legal for insurance companies to deny coverage to victims of domestic violence. Insurance companies definitely take advantage of this loophole, with one industry official arguing that *covering a victim of domestic violence would be akin to covering “a smoker who doesn’t stop smoking.”* [USA Today, 6/2/94]
 - In 2006, *10 Senate conservatives voted to kill* a proposal that would have ensured coverage to victims of domestic violence, including Sens. Lamar Alexander (R-TN), Richard Burr (R-NC), John Ensign (R-NV), Mike Enzi (R-WY), Bill Frist (R-TN), Judd Gregg (R-NH), Orrin Hatch (R-UT), Johnny Isakson (R-GA), Pat Roberts (R-KS), and Jeff Sessions (R-AL) [Congressional Quarterly Committee Coverage, Senate Health, Education, Labor and Pensions Committee Markup, 3/15/06]

Seniors and early retirees are hurt by insurance companies charging them as much as 11 times more for coverage based on their age.

- The number of employers offering insurance to early retirees has fallen by half in the last 20 years, shifting more and more early retirees into the individual market, where they are at the mercy of the insurance companies.
 - Even those early retirees who continue to receive insurance through their employers are seeing their benefits reduced.
- On the individual market, insurers can charge early retirees as much as 11 times more than younger people for the same coverage—a process known as “age rating” in the industry.
 - Congressional reformers are trying to rein in this practice, but insurers are lobbying furiously against their efforts.

- In the vast majority of states (41), there is no limit on how much insurance companies can charge early retirees for individual premiums.

Insurance companies even take advantage of seniors through Medicare Advantage plans.

- Right now, the government pays private insurers in Medicare Advantage 14 percent more than what it pays insurers under traditional Medicare. The overpayments to insurers result in higher costs for beneficiaries in traditional Medicare.
- In addition to receiving wasteful overpayments, insurance companies have a long track record of trying to take advantage of seniors through the Medicare Advantage program. Fully two-thirds of insurance companies who provide coverage through Medicare Advantage have been cited for violations related to how they enroll or deal with beneficiaries. [*Tampa Tribune*, 6/27/07] For example:
 - WellPoint, one of the nation’s largest insurers, was sanctioned for overcharging beneficiaries, failing to provide them with the drugs they need, and posing “a serious threat to the health and safety of Medicare beneficiaries.”
 - In Florida, WellCare was forced to pay \$90 million to settle claims that it artificially boosted profits by shortchanging \$40 million from Florida agencies—including the Florida Healthy Kids Corporation. [*Tampa Tribune*, 6/30/09]
 - In Illinois, Humana was forced to pay half a million dollars in fines for trying to put seniors in “unaffordable or unnecessary programs.”